(c) the steps taken or proposed to be taken by the Central Government to recover the said amount?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Banks do not lend directly to State Governments. However, they invest in State Government securities and State Government guaranteed bonds issued by the State Government entities, and lend to the public indertakings/corporate bodies/ autonomous entitites, with or without the guarantee of State Governments. Some nationalised banks have reported defaults in payment in principal and/or interest in respect of bonds issued by certain State Government entities/Public Sector Undertakings (PSUs).

(c) Banks have taken steps for recovery of their dues from the defaulting entities of the State Governments in accordance with their recovery policies and RBI guidelines which provide for restructuring of loans, One Time Settlement of dues, filing of cases in Courts/ Debt Recovery Tribunals, etc. Further, RBI, as debt manager of State Government has been taking up issues concerning non-payment of interest and/or principal as also unilateral restructuring of terms and conditions of bonds etc. by State Government entities/PSUs with the concerned State Governments essentially by drawing their attention to the adverse impact of such actions on the credibility of their market borrowing program. Government has also requested all State Government to ensure that Government guaranteed bounds are honoured by their respective undertakings.

Rise in price index

†2366. SHRI RAJ MOHINDER SINGH MAJITHA:
SHRI RAM JETHMALANI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that for continuous rise in the Wholesale Price Index in the country, the role of traders and industrialists costly foreign imports, price rise at international level and shortage of supply of goods have been held responsible by Government from time to time;

(b) if so, whether any other factors are responsible for this rise; and

(c) if so, Government's reaction thereto and the main factors which Governments' considers responsible for rise in price index?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) The inflation measured in terms of Wholesale Price Index for all commodities was 6.4 per cent (provisions) in March, 2008. Rate of inflation since April 2007 to March, 2008 is indicated in the Table 1.

Table 1: Year-on-Year inflation (Average of weeks) of all commodities (%)

Apr-2007	May-2007	Jun-2007	Jul-2007	Aug-2007	Sep-2007	Oct-2007	Nov-2007	Dec-2007	Jan-2008
6.3	5.5	4.5	4.7	1	4.1	3.5	3.1	3.3	3.8	4.5

(P): Provisional
Increase in the international prices of crude oil, foodgrains, edible oils and other

† Original notice of the question was received in Hindi.

Commodities together with an increase in aggregate demand have contributed to the increase in prices. Containment of inflation remains high on the agenda of the Government. Anti-inflationary policies of the Government include strict fiscal discipline, reduction of duties of essential items, effective supply-demand management of essential commodities through liberal tariff and trade policies and procurement through public agencies. The Monetary policy of Reserve Bank of India, while being conducive to economic growth, has attempted to contain inflationary expectations arising out of uncertainties in domestic and international environment.

Loan waiver scheme

2367. SHRI MAHENDRA MOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether loans taken by farmers from private banks and money lenders are covered under the loan waiver scheme;

(b) if not, the reasons therefor;

(c) whether Government has calculated loans taken by farmers from private sources;

(d) if so, whether Government would announce suitable package; and

(e) if not the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (B) The Debt waiver and debt relief scheme for farmers stipulates that only the direct agricultural loans disbursed by Regional Rural Banks, Cooperative Credit Institutions and Scheduled Commercial Banks (including Private Sector-Commercial Banks) are covered.

(c) Based on the NSSO data, the Committee on Financial Inclusion (Rangarajan Committee) reports that 51.4% of farmer households do not access credit, either from institutional of non-institutional sources. Further, only 27% of the total farm households are indebted to formal sources, of which one-third also borrow from informal sources.

(d) and (e) The Farm Credit package of June, 2004, *inter-alia,* includes relief measures for farmers indebted to non-institutional lenders, including moneylenders, by providing them loans from banks against appropriate collateral or group security. However, due to lack of proper documentation, transparency and authenticity of data coupled with poor accounting methods, so far loans worth Rs. 105 crore only have been disbursed in about 36,000 accounts.

Interest rates in the medium term

2368. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of FINANCE be pleased to state:

(a) What is Government's view regarding interest rates in the medium term and what are the implications of the US Federal rate cut on the Indian rupees; and

(b) what is Government's information about the strategies of Central Banks of other countries in Asia and their response to US Federal cut in interest rates?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Effective October 18,1994, the Resersve Bank of India (RBI) has deregulated the interest rates on advances above Rs. 2 lakh, including housing loans and